

**Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201**

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**Department of the Treasury**

**Employer Identification Number:**

**Contact Person - ID Number:**

**Contact Telephone Number:**

UIL: 4945.04-04

#### **LEGEND**

B = Fund Name  
C = Individual  
D = movement  
F = State  
G = Organization  
H = Date  
J = Date  
K = Organization  
x = number  
y = dollar amount

Dear

We have considered your request for advance approval of your grant-making program under section 4945 (g)(3) of the Internal Revenue Code, dated June 10, 2011.

Our records indicate that you are recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

#### **Purpose**

You will award grants to individuals. The name of your fund is B. The purpose of the award is to honor the work of C in the D movement by providing grant monies to individuals to enable them to develop an understanding of D and launch one or more dialogues in their communities and organization in order to advance your overall mission. Preference will be given to residents of F, but grants can be awarded to residents of all fifty states.

#### **Qualifications**

Awards will only be made to individuals that meet the following criteria:

- 1) Express a keen desire to become involved in the D movement

- 2) Demonstrate commitment to implement and conduct D in a forum environment including, but not limited to:
  - a. Forum participants;
  - b. Leading discussions; and
  - c. Serving in a teaching or other position to conduct meetings
- 3) Present a detailed plan to become knowledgeable about D, including moderating one or more forums

### **Process**

Grant requests will be solicited through your network, the G network, and other groups involved in the D movement. There are approximately x individuals that are eligible to apply annually. You will award one grant annually in the amount of y. Grants are made on a one-time basis. Request must be made on forms provided by you and will be due on or before H. The winner will be notified and the grant will be made by J each year.

Individuals that are substantial contributors to you, that are your officers or directors, that otherwise have management responsibilities, are family members of the foregoing, are government officials, or that are otherwise considered "disqualified persons" under the Internal Revenue Code Section 4946 with respect to you will not be eligible to receive a grant. Further, recipients related to any member of the selection committee shall not be eligible.

### **Selection Committee**

A diverse panel of representatives from you, G and K will review the applications and select the award recipients. A representative may not serve on the panel if the representative is in a position to derive a private benefit, directly or indirectly, if certain potential grantee recipients are selected over others. Any panel member that becomes aware of such potential benefit shall disclose it and resign from the panel. Grants will be made on an objective and nondiscriminatory basis.

### **Supervising and Reporting**

You will ensure that recipients use grant funds for the original purposes of the grant by requiring reports from grant recipients. Recipients will be required to provide annual written reports (or more often if requested) to you on the use of the funds and the progress made by the recipient in the forums conducted by the recipient. Upon conclusion of the dialogue, the recipient will be required to file a final written report describing the recipient's accomplishments in connection with the use of the grant funds, the outcome and benefits achieved by the dialogue and an accounting for the grant funds received. Recipients will be required to adhere to any form and content requirements imposed by you with respect to these reporting requirements. Recipients will also be required to promptly respond to any inquiries regarding the use of the grant funds and/or the status of the dialogue to be conducted in connection with the grant.

### **Investigations**

If any reports submitted by recipients or other information indicate that all or any portion of the grant funds is not being used consistent with the plan submitted, you will

investigate the use of the funds in order to determine whether funds were used for improper purposes. During such investigation, you will withhold any remaining grant funds until any delinquent reports have been received and otherwise in compliance with any requirements of IRC 4945 and its regulations.

### **Records Retention**

For a period of 7 years after the grant recipient has filed its final report with respect to teach grant, you will retain all records regarding grants, including:

- 1) All information you secure to evaluate the qualifications of potential grantees;
- 2) Identification of grantees (including any relationship of any grantee to you sufficient to make the grantee a disqualified person with respect to you);
- 3) Specification of the amount and purpose of each grant; and
- 4) Any follow-up information which you obtain in complying with the requirements for obtaining reports and investigating jeopardized grants.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and

- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois Lerner  
Director, Exempt Organizations